

8/31/77 [2]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Moore to The President (11 pp.) re: Meeting on AWACS / enclosed in Hutcheson to Mondale 8/31/77	8/30/77	A
memo w/att.	From Brzezinski to The President (9pp.) re: military purchases by Chad/ enclosed in Hutcheson to Moore and Jordan 8/31/77 <i>3 pp. opened per RAC NLC-126-9-8-1-3 } 2/14/13</i> <i>2 pp. opened per RAC NLC-126-9-8-2-2 }</i>	8/30/77	A
memo	From Press to The President (1 page) re: Report of the Adviser for Science and Technology	8/31/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.-Pres. Hand-writing File 8/31/77 [] Box 57

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THE PRESIDENT'S SCHEDULE

Wednesday - August 31, 1977

8:30 Dr. Zbigniew Brzezinski - The Oval Office.

9:15 Secretary Brock Adams and General Benjamin Davis.
(5 min.) (Mr. Jody Powell) The Oval Office.

9:30 Congressman Al Ullman. (Mr. Frank Moore and
(60 min.) Mr. Stuart Eizenstat) - The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:00 Congressman Parren Mitchell. (Mr. Frank Moore).
(30 min.) The Oval Office.

11:45 Congressman Charles Wilson. (Mr. Frank Moore).
(15 min.) The Oval Office.

2:00 Meeting Concerning Alaskan Natural Gas/
(60 min.) Canadian Negotiations. (Mr. Stuart Eizenstat).
The Cabinet Room.

DEPARTMENT OF STATE
WASHINGTON

August 20, 1977

~~CONFIDENTIAL~~

MEMORANDUM FOR: The President

From: Warren Christopher, Acting *WC*

Subject: Eligibility of Chad to Purchase
Defense Articles and Defense
Services under the Arms Export
Control Act

Problem

You are asked to find that the sale of defense articles and defense services under the Arms Export Control Act (the Act) to Chad will strengthen the security of the United States and promote world peace. Your finding will assist the United States Government in responding positively to a Chadian request for approval to purchase military equipment and training on a government-to-government basis under Foreign Military Sales (FMS) procedures. This would be the first new country made FMS eligible by your Administration.

Background

Chad's request for defense articles and services from the United States results from its unsuccessful efforts to quell an insurgency in northern Chad that has been receiving increased military support from Libya. On July 15, Vice President Mondale told the Chadian Vice President that we would assist in restoring Chad's territorial integrity. The Government of Chad has requested assistance from other governments as well as the United States to stabilize the situation.

I believe it is in our security interest to work with France and other interested governments to ensure

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ESDN: NLC-126-9-8-1-3
BY *KJ* NARA DATE *2/13/13*

~~CONFIDENTIAL~~

- 2 -

that the internal security of Chad does not further deteriorate, and to ensure that Chad can assert control over its territory to the maximum extent possible.

If you approve this Determination, we would plan, subject to your agreement, to establish the military supply relationship with Chad on the understanding that it would be designed essentially to meet the current problem and would not be enduring. The principal purpose of your Determination would be to gain the authority to permit third country transfers. However, we would also wish to be in a position to authorize government-to-government sales of equipment which we have indicated to Chad we are prepared to provide. While our strong preference would be for third countries to finance such purchases, we plan to include a small amount of FMS credit for Chad in our preparations for the FY 1979 budget submissions in the event other countries prove unwilling to finance Chad's military needs.

Legal Considerations

Chad is not at present eligible to purchase defense articles and services on a government-to-government basis. Section 3(a)(1) of the Act provides as one of the conditions of eligibility for any foreign country to purchase defense articles or defense services from the United States Government that the President find that such sales will "strengthen the security of the United States and promote world peace." Authority to make this finding is reserved to the President by Section 1(a) of Executive Order 11958 of January 18, 1977. Section 3(a) of the Act also provides that consent may not be given to the proposed transfer from a third party of FMS-origin defense articles or services unless the United States would itself transfer the articles and services in question to the proposed recipient.

Other considerations

Because the equipment which we would consider for transfer to Chad would be limited in quantity, variety and sophistication, your determination of eligibility

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would not be inconsistent with your general arms transfer policy.

Chad's human rights record has improved considerably under the military regime that came to power following the April 1975 coup d'etat. Though arbitrary arrests of suspect guerrillas have occurred, most detainees are quickly either brought to trial or released.

Preliminary soundings indicate that we must expect some Congressional opposition to expanding the list of countries eligible for FMS sales in light of your avowed determination to reduce arms sales worldwide. We doubt, however, given the limited nature of any likely sales to Chad, that there will be a major opposition to declaring Chad eligible to purchase defense articles and services from the United States. Although not required by law, we believe notification to Congress and publication of the Determination in the Federal Register will be helpful in its implementation.

Recommendation

I recommend that you approve and sign the attached Determination, thereby also approving the attached justification therefor. The Department of Defense concurs. In accordance with established procedures, your Determination and the attached justification therefor will be furnished to the Congress. The Determination alone will be published in the Federal Register.

Attachments

Proposed Determination and
Accompanying Justification.

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~~SECRET~~

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY

WASHINGTON, D.C. 20500

August 31, 1977

MEMORANDUM TO THE PRESIDENT

FROM: Frank Press *FP*

SUBJECT: Current Activities Report of the Adviser for
Science and Technology

- ° At your direction, Secretary Andrus and I have framed terms of reference for a national minerals policy study to be conducted under the aegis of the Domestic PRM process. Stu Eizenstat is reviewing.
- ° Held initial meeting on East-West technology transfer (PRM-31), which OSTP is co-chairing with the NSC.
- ° Chairing ad hoc scientific panel which, at your request, will review CTB technical issues prior to Geneva negotiations which resume on October 3.
- ° Completed draft report on interagency review of US-USSR space agreements, chaired by OSTP at request of Dr. Brzezinski.
- ° At request of SCC (Telecommunications Policy, PRM-22), I have undertaken a quick review of jamming and other possible responses to Soviet intercepts. The SCC has agreed that I should chair an SCC National Telecommunications Protection Board to supervise implementation of whatever protection program you approve.
- ° Initiation of review of LANDSAT technology to reconcile interagency conflicts.
- ° At your request, OSTP is conducting an interagency review of Federal dam construction practices and safety procedures.
- ° With your approval of the Vice President's recommendation, OMB and OSTP are examining basic research issues such as targeting for national needs, trends in support.
- ° Working with Peter Bourne, NSC, DCC on marshalling U.S. science and technology to meet needs of developing countries.

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EO 12958-1 129-9-8-2-2

BY *125* DATE *2/3/13*



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 29 1977

~~CONFIDENTIAL-GDS~~

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance
Director

SUBJECT: Eligibility of Chad to Purchase Defense
Articles and Defense Services Under the
Arms Export Control Act

Your July 15 decision to provide non-lethal military assistance to Chad and to authorize small arms transfers from third countries to that country necessitates a determination under the Arms Export Control Act making Chad eligible to purchase military equipment and services. Accordingly, I concur in Acting Secretary of State Christopher's recommendation that you determine that the sale of defense articles and services to Chad under that Act will "strengthen the security of the United States and promote world peace."

Secretary Christopher points out that Chad will be the first new country to be made eligible under the Foreign Military Sales (FMS) procedures by your Administration. He also says that expansion of the eligibility list will be opposed by some in the Congress, in light of your avowed determination to reduce arms sales worldwide; but he doubts major opposition.

Moreover, Secretary Christopher indicates that the State Department plans to include a small amount for FMS credit for Chad in its 1979 budget request, should third countries fail to finance Chad's military needs. I propose that we review carefully any such request for funds in the normal budget process this fall and that we view your action approving eligibility for Chad as no precommitment to approve that request later.

Recommend signature.

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THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
	X	JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	X KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

August 31, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jim King

RE: CONSUMER PRODUCT SAFETY
COMMISSION

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 25, 1977

C
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MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*

SUBJECT: Consumer Product Safety Commission
(PAS, Level IV)

The Consumer Product Safety Commission, created by Congress in 1973, is a health and safety regulatory agency. It acts to protect consumers from hazardous products through: (1) the issuance of safety standards and bans; (2) the initiation of enforcement actions against manufacturers and retailers; and, (3) the dissemination of product safety information to the public.

In the four years that the Consumer Product Safety Commission has been in operation, its performance has been mediocre*. The agency has failed to effectively implement the responsibilities which Congress assigned to it and it has been a grave disappointment to consumers. While there are numerous reasons for the Commission's failures, the poor quality of appointments by the previous administration is clearly a major cause.

The Chairman, James Byington, has been criticized as a self-promoter and one who is not interested in the responsibilities of the Commission. However, Byington's term as Chairman does not expire until October 1978, and this limits the potential for any immediate change in the Commission's effectiveness.

* *Considered by most to be the worst regulatory agency - due in large part to poor members and leadership, i.e. Byington*

At the present time, there are two vacancies. In addition, the term of David Pittle expires in two months. All three slots should be addressed now.

It is the unanimous opinion of every respected consumer-oriented group and advocate that Pittle should be retained. Not only has his training as an engineer provided the Commission with a unique perspective on the issues, but he has also been the strongest advocate on behalf of openness and public participation in all Commission activities. Furthermore, as Commissioner, Pittle has been an early and ardent advocate of establishing an independent Consumer Protection Agency. In light of the fact that he has already served four years on the Commission, I recommend that you appoint Commissioner Pittle to the term that expires in October 1982.

For the second vacancy, I recommend that you appoint Edith Barksdale Sloan. Ms. Sloan has been highly recommended by Esther Peterson as someone who would be an excellent Commissioner. For the past two years, Sloan has been the Director of the Office of Consumer Protection in the District of Columbia and she has earned the respect of many consumer groups. In addition, her appointment would be well-received by those who are looking for an appointment of a member of a minority group to the Commission.

What so many people want is just for the Consumer Product Safety Commission to have the chance to do the job it was set up to do. The appointments of Pittle and Sloan would immediately signal to the consumer community that you intend to give the Commission that opportunity. The appointments of Pittle and Sloan would also give you the flexibility to do what I view as crucial to the long term success of the Consumer Product Safety Commission -- bring in an outsider who will at long last force the Commission to establish its goals and set its priorities.

You will be able to appoint a Chairman in 1978, and that person should be the person who you appoint to a full seven year term starting this fall. There are two people in particular who should be considered for this position.

The first is Susan King*, who was recommended by many for an appointment to the Federal Election Commission. Although the substantive areas of the Federal Election Commission are different than the substantive areas of the Consumer Product Safety Commission, they are the two major commissions for which the timely dissemination of information to the general public is a key responsibility along with the specific regulatory functions. In addition, administratively, the Federal Election Commission has been very similar to the Consumer Product Safety Commission. Both commissions were created since 1973; both have suffered from serious dissension among the Commissioners; and, both have had a rocky time determining what their respective courses of action should be. King has gotten nothing but very high marks from everyone who observed her work under these trying conditions.

She is energetic, forceful, talented and well-respected. Her unique experience at the FEC, working in a regulatory agency from its earliest days on, has prepared her better than anything else could have for what lies ahead at the CPSC.

The second person who should be considered for the third appointment is Gloria Schaffer, currently the Secretary of ~~the~~ State of Connecticut. Not only does Schaffer have many of the same personal qualities that Susan King has, but as a successful office-seeker, she has a good national reputation and she has proven she knows how to educate and persuade an electorate. Gloria Schaffer as a Commissioner would be a strong competing force on the Commission for the balance of Chairman Byington's term.

* Susan was the outstanding candidate for the FEC, but she had had run ins with House leadership on election reform bill. She has my strong support for this position over Schaffer. She would be a credit and a strength on any commission.

RECOMMENDATIONS:

1. Appoint David Pittle to the term expiring
October 26, 1982.

✓ approve disapprove

2. Appoint Edith Barksdale Sloan to the term
expiring October 26, 1983.

✓ approve disapprove

3. Appoint to the term expiring October 26, 1984:

✓ Susan King

 Gloria Schaffer

 Other

*Not committing
or future
Chairman
J*

FITTLE, R. David

COMMENTS ON DAVID PITTLE

Esther Peterson, Special Assistant to the President for Consumer Affairs:

David Pittle should be reappointed. Pittle has been a superb public advocate under very trying circumstances. His reappointment would be supported by most if not all consumer groups and he enjoys widespread support on the Hill.

Warren G. Magnuson, Chairman, Senate Commerce Committee:

Dr. Pittle has consistently advocated and supported policies which have made the Consumer Product Safety Commission a model of openness for the Federal Government. He stands out among his colleagues as the most prolific, and certainly the most thoughtful, opinion writer on the Commission. I strongly urge you to retain Commission Pittle at the CPSC.

Michael Pertschuk, Chairman, Federal Trade Commission:

Pittle has fulfilled the expectations of those who recommended him. He is consumer-oriented; he is sensitive to consumer problems; he is respected by consumer groups and he has superb technical qualifications. He is close to being an ideal regulator (but probably would not make a good chairman).

Carol Foreman, Assistant Secretary, Department of Agriculture:

I strongly urge the reappointment of David Pittle. He is the best student of regulation that I know. Pittle has a doctorate in engineering and it is important that at least one of the commission members has a technical background. More importantly, he cares about the process and tries to make it rational.

R. David Pittle
Commissioner
Consumer Product Safety Commission

R. David Pittle was sworn in as Commissioner of the Consumer Product Safety Commission on October 10, 1973. He was nominated to a term expiring October 27, 1977.

Pittle, 38, was an Assistant Professor of Electrical Engineering and Public Affairs at Carnegie-Mellon University in Pittsburgh, Pennsylvania, where he had taught since 1969. From 1963 to 1969, he was an instructor in electrical engineering at the University of Wisconsin. He taught also for two years at the Wisconsin School of Electronics.

Between 1971 and 1973, Pittle served as President of the Alliance for Consumer Protection, a voluntary consumer organization in Pittsburgh. In 1972, he received on behalf of the Alliance, the Federal Executive Board Award for Outstanding Public Service in Consumer Protection and also was a member of the Federal Executive Board Consumer Services Committee.

In June 1977, Pittle received the first annual Eastern Consumer Conference Award "for his outstanding work for the Commission on behalf of consumers and their concerns."

Prior to his appointment to the Commission, Pittle was a member of the Consumer Advisory Committee of the Pennsylvania Insurance Department, the Consumer Relations Panel of the National Association of Homebuilders, the Consumer Federation of America, the American Council on Consumer Interests, the Consumer Standards Committees of the American Society for Testing and Materials, and the American National Standards Institute.

A frequent lecturer on consumer protection, Pittle was the principal investigator for a three-year National Science Foundation Grant entitled "Research on Improving Consumer Safety Through Innovative Consumer Education," immediately prior to joining the Commission.

Pittle, a Democrat, was born in Washington, D. C. He graduated from Montgomery Junior College with highest honors and first in his class and received his Bachelor of Science Degree in Electrical Engineering with high honors from the University of Maryland. He earned his M.S.E.E. and Ph.D. in electrical engineering from the University of Wisconsin.

Pittle and his wife, Allyne Marie, have two daughters, Karin and Kristin.

The Consumer Product Safety Commission is an independent Federal regulatory agency created by Congress to protect the public from unreasonable risks of injury associated with consumer products. The Commission was activated on May 14, 1973.

The Commission is composed of five Commissioners who are appointed by the President and confirmed by the Senate.

VITA

NAME : R. DAVID PITTLE

BUSINESS ADDRESS: U.S. Consumer Product Safety Commission
Washington, D. C. 20207
202/634-7726

HOME ADDRESS : 14234 Briarwood Terrace
Rockville, Maryland 20853
301/871-1231

BORN: October 7, 1938 - Washington, D. C.

MARITAL STATUS: Married to Allyne Marie Hayden

CHILDREN: Karen, 11; Kristin, 7

EDUCATION:

Ph.D., 1969, University of Wisconsin

M.S.E.E., 1965, University of Wisconsin

B.S.E.E., 1963, University of Maryland

A.A., 1961, Montgomery Junior College

EMPLOYMENT:

October, 1973
to present
Commissioner
Consumer Product Safety Commission
Washington, D. C. 20207

1972 to
October, 1973
Assistant Professor of Electrical
Engineering and Public Affairs
Carnegie-Mellon University
Pittsburgh, Pennsylvania

1969-1972
Assistant Professor of
Electrical Engineering
Carnegie-Mellon University
Pittsburgh, Pennsylvania

1963-1969
Instructor
Electrical Engineering
University of Wisconsin
Madison, Wisconsin

EMPLOYMENT (Cont'd):

1966	Communications Engineer United States Army Fort Meade, Maryland
1964-1966	Instructor Wisconsin School of Electronics Madison, Wisconsin
1963	Electrical Engineer Goddard Space Flight Center Greenbelt, Maryland
1962	Electrical Engineer (student) West Virginia Pulp & Paper Company Luke, Maryland
1961	Electronics Technician Engineering Physics Company Rockville, Maryland

RESEARCH EXPERIENCE:

Principal Investigator of a three-year National Science Foundation Grant entitled "Research on Improving Consumer Safety Through Innovative Consumer Education."

HONORARIES AND SOCIETIES:

Tau Beta Pi	(Engineering Honorary).
Eta Kappa Nu	(Electrical Engineering Honorary).
Pi Mu Epsilon	(Mathematics Honorary).
Phi Theta Kappa	(Junior College Scholastic Honorary).

AWARDS, HONORS:

Eastern Consumer Conference Award for Outstanding Work on Behalf of Consumers (1977).

Federal Executive Boards Award for Outstanding Public Service in Consumer Protection (1972).

Graduation with High Honors (1963) University of Maryland.

Graduation with Highest Honors and First in the Class (1961) Montgomery Junior College.

American Association of University Professors' Award (1961).

ENGINEERING AFFILIATION:

Institute of Electrical and Electronic Engineering (member).

CONSUMER PROTECTION AFFILIATIONS:

Alliance for Consumer Protection (member and past president).

Conference of Consumer Organizations (member).

Maryland Citizens Consumer Council (member).

Virginia Citizens Consumer Council (member).

Pennsylvania Consumer Council (member).

Federal Executive Board (Pittsburgh), Consumer Services Committee (past member).

Consumer Product Safety Committee of the American National Standards Institute (past member).

Consumer Advisory Committee of the Pennsylvania Insurance Department reporting to the Insurance Commissioner (past member).

Consumer Relations Panel of the National Association of Homebuilders (past member).

Consumer Federation of America (past member).

American Council on Consumer Interests (past member).

Consumer Standards Committee of the American Society for Testing and Materials (past member).

PUBLICATIONS:

Pittle, R.D., and Higgins, T.H., "A Graphical Technique for Determining the Ultimate (Long-Time) Outcome of a Competitive Interaction Within a Two-Group Society." Journal of the Franklin Institute 282 (5), (November, 1966). 291-297.

Pittle, R.D., Birkemeier, W.P., Fontaine, A.B., and Gerks, I.H., "Troposcatter Signal Characteristics Simulated by Random Layered Scatterer Arrays," presented at the International Colloquium on the Spectra of Meteorological Variables, Stockholm, Sweden. (June, 1969).

Pittle, R.D., Birkemeier, W.P., Fontaine, A.B., and Gerks, I.H., "Troposcatter Signal Characteristics Simulated by Random Layered Scatterer Arrays," Radio Science 12(4), (December, 1969). 1225-1233.

PUBLICATIONS (Cont'd.):

Book Review of the "Theory of Linear Systems" by Julio Rubio,
Journal of the Franklin Institute, Vol. 295, No. 1,
(January, 1973). page 86.

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Performance in an Engineering Classroom," submitted for
publication.

Pittle, R.D., "Reducing Consumer Product-Related Injuries via
Mass Technical Education," Proceedings of the Nineteenth
Annual Conference of the American Council on Consumer
Interests, Chicago (April 12-14, 1973).

Pittle, R.D., "An Engineer at the Grass-Roots," Proceedings
of the Nineteenth Annual Conference of the American Council
on Consumer Interests, Chicago (April 12-14, 1973).

Pittle, R.D., "Spinoff Benefits to Product Liability Prevention
by Raising the Technical Level of Consumers," Proceedings of
the Fourth National Conference on Product Liability
Prevention, Newark College of Engineering, Newark
(August 22-24, 1973).

Pittle, R.D., and Adler, R.S., "A Commentary on Product
Liability: An Interaction of Law and Technology," Duquesne
Law Review, Vol. 12, No. 3, (Spring 1974). 487-495.

Pittle, R.D., "Product Liability Spinoff Benefits," Quality
Progress, Vol. VII, No. 2, (February, 1974). Pages 20-22.

Pittle, R.D., "Guest Comment," Professional Engineer, Vo. 44,
No. 9 (September, 1974), Page 13.

Pittle, R.D., "Consumer Product Safety Commission Takes
Activist Role in Safety Standards," Professional Engineer,
(May, 1975). Pages 36-37.

Pittle, R.D., "Consumer Product Safety Education: Its Time
Has Come," International Consumer, Vol. XV/No. 4 (Winter
74/75).

Pittle, R.D., "The Voluntary Standards System and Mandatory
Safety Standards," Standards Engineering, Vol. 27/No. 6,
(December, 1975). Pages 102-104.

Pittle, R.D., "Product Safety - A Consumer Right," The Wisconsin
Democrat, Vol. 2, No. 4 (April, 1976).

Pittle, R.D., "The Restricted Regulator," Trial Magazine, Vol. 12,
No. 5 (May, 1976).

PUBLICATIONS (Cont'd):

Pittle, R.D., "Voluntary Standards, A New Perspective," Standardization News, Vol. 4, No. 7 (July, 1976).

Pittle, R.D., "The Consumer Product Safety Commission: Its Clout, Its Candor, and Its Challenge," Protecting Consumer Interests: Private Initiative and Public Response, Chapter 10, Cambridge, Ballinger Publishing Company, (1976).

Pittle, R.D., "The Consumer Product Safety Commission," California Management Review, Vol. XVIII/No. 4 (Summer 1976).

Pittle, R.D., "Regulatory Trends at the National Consumer Product Safety Commission," Consumerism: A New Force in Society, Chapter 2, Lexington, Massachusetts, D.C. Heath and Company, (1976).

Pittle, R.D., "Government Regulation of Business: The Beginning of the End Or the End of the Beginning!" Michigan Plant & Equipment, November, 1976. Pages 12-13.

Pittle, R.D., "Man-Made Alteration of the Environment--Consumer Protection Issues," Proceedings of the International Conference on Problems Related to the Stratosphere, JPL Publication 77-12 (1977).

SLOAN, Edith Barksdale

COMMENTS ON EDITH BARKSDALE SLOAN

Ed Merlis, Staff Member, Senate Commerce Committee

"I don't know her personally, but I've heard good things about her. She came into D. C. to take over the Office of Consumer Protection. It was a disaster, and she is trying to get it together. That automatically brings to mind the fact that she must be good organizationally. Her commitment is good."

Kathleen O'Reilly, Executive Director, Consumer Federation of America

"She's very highly regarded. She has a fine legal ability and is very sensitive to the problems of the low-income people and minority groups. She's a super choice."

Carol T. Foreman, Former Executive Director, Consumer Federation of America

"This is a beautiful spot for her. She would do a good job of keeping Chairman Byington under control. She is talented enough to take on any job. She would be a great counter to Thaddeus Garrett."

David Cohen, President Common Cause

"In her previous job, she built a great household worker's constituency. She is well-regarded by people I know as competent."

Joan Claybrook, Formerly of Congress Watch, Washington, D. C.

"There are varying points of view on her. She walked into a very rough situation in the job where she is now. She is very nice and seems to be capable. The people close to the D. C. government scene say she is not an innovator nor a doer."

BIOGRAPHICAL DATA on:

EDITH BARKSDALE SLOAN, Attorney-at-Law
Director
Office of Consumer Protection of the District of Columbia
1407 L Street, N. W., Washington, D. C. 20005

WORK EXPERIENCE:

Executive Director, National Committee on Household Employment
Washington, D. C. January 1, 1969 - March 31, 1976

U. S. Commission on Civil Rights, Washington, D. C.
October, 1965 - December, 1968

MARYOU-ACT Project Uplift, New York City
Summer, 1965

Eleanor Roosevelt Human Relations Intern with --
the New York Urban League, New York, N. Y. 1964 - 1965

United States Peace Corps

Served two years in The Philippines, 1962 - 1964

EDUCATION:

Catholic University School of Law

Juris Doctor

Hunter College

B.A., International
Affairs

SPECIAL:

Recipient - Adam Clayton Powell
Award for Contributions to
Minority Citizens

Congressional Black Caucus
September 23, 1974,
Washington, D. C.

Received Special Recognition for
Contributions to Labor Standards
from National Consumers League at
their 75th Anniversary Banquet
March 12, 1975

Moderator-Public Affair
Special - WRC-TV
NBC Affiliate
January 12, 1975, Washi
ton, D. C.

Subject of NBC-TV
Documentary, "A Woman
IS..." 1974

Edith Barksdale Sloan, Esq.
Page 2 Continued

Delegate
National Black Economic Caucus
September, 1975, Washington, D.C.

Delegate
World Conference on Peace
Through Law
Abidjan, Ivory Coast, 1973

ASSOCIATIONS:

Task Force on Local Coalitions
National Urban League

Women's Advisory Board
Center on Law and Social Policy

Advisory Committee
National Center for Law and
Policy Review

Community Advisory Committee
Cancer Research Center
Howard University Hospital

Advisory Committee
United States Center for
International Women's Year

Board of Directors
The Lupis Foundation of
Greater Washington

Board of Sponsors
Minority Legislation Council

A Founder
Black American Law Students
Association at Catholic
University

Committee on Sexism in the
Public Schools
D.C. Commission on Human
Rights

Board of Directors
Movement for Economic Justi

Member
Delta Sigma Theta, Inc.

PERSONAL:

Raised in Bronx, New York City
Husband: Ned Sloan, Attorney-at-Law
Son: Douglass Ned Sloan

KING, Susan B.

*These were comments on Susan for
the FEC - they are still relevant in
terms of her great ability + integrity.
ND.*

SUSAN KING

Comments:

Robert Lipshutz: "She's extremely competent and knows a lot about this area. She is tops on my list. She knows the law and applies it in a practical way."

Senator Alan Cranston: "She is great. I have known her for eight years and have worked closely with her. She gets along best with people on the Hill and would be the most realistic, practical and effective person on the FEC. I would strongly recommend her."

Russ Hemenway, Committee for an Effective Congress: "I have known Susan for ten years. She is a good administrator and knows the workings of the Commission. She's as well qualified as anyone in Washington. She's a pre-eminent expert on the law and the practical application of the law. She realizes the political implications for changes in the law."

Philip M. Stern, expert on election law and reform: "It would be hard for me to believe that there is anyone who knows more about the new election law than Susan King, in that she was intimately involved in the writing of the new law, in her capacity as Co-Director of the Center for Public Financing of Campaigns, in addition to her service as a personal assistant to Tom Harris, one of the current members of the Federal Election Commission."

Peggy Lampl, Executive Director of the League of Women Voters: "As you know the League has been a strong supporter of the Commission and over the past few years has worked to make it an effective and efficient independent agency. I understand that Susan King is under consideration and I'd like to express my unqualified support for her. I've worked closely with her on matter relating to the FEC and her appointment would be one based on merit and not political favors and one that I think would redound to the credit of the Administration."

Wyche Fowler: "I think that you would have to look far to find someone with first-hand experience that is as good as Susan King's."

Senator Dick Clark: "She's great; extremely bright; and very fair. She's one of the most fantastic people - and I don't say that about everybody. She never has lost her objectivity. I can't say enough good about her."

COMMENTS ON SUSAN KING

Peggy Lampl, Executive Director, League of Women Voters

She is a very good administrator and idea person, and more importantly, she is very good at follow-up. She is one of the "smart people" at the FEC.

She is politically pragmatic and realistic.

King would be adaptable to consumer issues because she was people and consumer oriented before her election law experience. She does not have strong ties to consumer groups because her expertise lies in the election law area.

Jane McMichael, Director, National Women's Political Caucus

King works well with other people. She is a marvelous advocate of women's groups.

She has a lot of administrative leadership qualities. She is a good supervisor and manager. She would do well with consumer groups if she accepted the position. I do not know of any weaknesses -- I have not encountered them.

In general, I find her to be a terrific person, very able, and I am sure she would do a great job. She is very competent.

I was distressed that Susan is being considered for a position other than FEC. She is the most qualified person the the country on the federal election laws.

Joan Claybrooke, National Highway Traffic Safety Administration

I have known her for five years. We worked together in lobbying for election law reform.

She is a very smart lady. I have a high degree of trust and faith in King's capabilities. When we lobbied together, I worked for a consumer's group and she worked well with us.

9319

R E S U M E

SUSAN BENNETT KING

Home: 220 E Street, N.E.
Washington, D.C. 20002
(202) 543-8543

Office: 1325 K Street, N.W.
Washington, D.C. 20463
(202) 382-5338

Personal:

Age: 36 (4/29/40)
Home: Atlanta, Georgia
Marital Status: Divorced, no children

Education:

Catholic University Law School (Washington, D.C.)
Evening Division; completing 4th semester toward J.D. degree (1979)

Duke University (Durham, N.C.)
B.A. Degree in Political Science (1962)
Phi Beta Kappa; Pi Sigma Alpha (Pol. Science Honorary)

Employment:

May 1975 to Present: Federal Election Commission (Washington, D.C.)
Executive Assistant to Vice Chairman

Serve as special assistant to Vice Chairman Thomas E. Harris, analyzing and advising on Commission policies, regulations, various legal interpretations and advisory opinions, Congressional relations, FEC internal organization and operations. Represent the Commissioner and the agency in various capacities inside and outside the organization. The FEC was established in April 1975. The first 18 months of operation included a major constitutional challenge (Buckley v. Valeo), a two-month suspension of executive functions, extensive legislative revision and amendment (the FECA Amendments of 1976) and the first publicly financed Presidential election campaign. My special areas of interest and attention have included the primary matching process, application of the campaign law to Presidential delegate selection, regulation of corporate and labor union political activities, FEC publications for candidates and public, an FEC post-election survey of 1976 candidates, proposed legislation for 1977.

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Founder, Vice President and Co-Director

Organized and staffed full-time lobbying operation to press for reform of federal election laws, campaign financing controls, and public funding for federal candidates. Annual budget of \$100,000, full-time staff of three with various part-time consultants and volunteers. Organized and coordinated legislative lobbying coalition of over 30 member groups, including labor organizations, church, professional, public interest and citizens' action groups. Work involved legislative planning, research, press and publications, speaking, planning and strategy coordination. The organization was terminated after passage of the 1974 Federal Election Campaign Act and establishment of the FEC, and after securing full-time pro-bono counsel to defend the Act and the interests of the Center in a major court test (Buckley v. Valeo).

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Washington Director

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Legislative Aide and Legislative Assistant

Duties included Floor statements, bill analysis, legislative mail, constituent services.

July 1962 to January 1963: Administrative Office, United States Courts
(Washington, D.C.)
Legislative and Research Assistant

Liaison with Congress on court related legislation, work with federal judges and court personnel and Judicial Conference of the U.S.

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"Control of Presidential Campaign Financing" (with Prof. Robert L. Peabody),
Congress Against the President, Proceedings of The Academy of Political
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"No Substitute for Campaign Reform", Engage/Social Action (United Methodist
Church), March, 1974.

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Southern Poor (Board member, 1970 to present)
National Committee for an Effective Congress (Board member, 1973 to 1975)
Women's Campaign Fund (Co-founder and Executive Board member, 1973 to 1975)
Center for the Study of Congress (Board member, 1973 to present)
Democratic Forum (Steering Committee member, 1973 to 1975)
Democratic Review (Contributing Editor, 1973 to 1975)
National Women's Political Caucus, ACLU, APSA (member)
Program Participant (Lecturer/Panelist)
American Bar Association Special Committee on Election Reform
National Municipal League
League of Women Voters
Public Affairs Council
Democratic Forum
New York Citizens' Committee/City University of New York Conference
Duke University Law School/Institute of Policy Sciences and Public Affairs
Oberlin College Political Skills Conference
National Commission on International Women's Year: Women in Power Committee
Robert A. Taft Institute of Government: Seminar in Practical Politics
United Methodist Church Washington Seminar Programs

SCHAFFER, Gloria

COMMENTS ON GLORIA SCHAFFER

John Driscoll, President, AFL-CIO Connecticut

She is a very able person. I have known her over twenty years. She is capable, intelligent, adaptable. She is very career oriented.

Gloria has had a good regulatory background as Secretary of the State. She is very good at making very complicated things explainable. She is very imaginative and deals effectively with people.

She knows state government. I would give her four stars.

Joe McCormick, President, Hartford Power & Light Co.

She is a very good organizer, with a good regulatory background as Secretary of the State.

She really is hard-working. Even though she has often had a solid lead in a campaign, she would put in more damned hours. She has tremendous energy, a wide circle of friends.

If she has a downfall, it is that she may need to be more hardnosed.

Nick Carbone, City Councilman, Hartford

I have known her since she ran for the State Senate. She is very bright and competent. Politically, she is a moderate to liberal. She has a very good reputation. She will study what she has to do and seriously undertake it. She is a fairly quick thinker.

John Filer, President, AETNA Life Insurance

She's a first class person. Intelligent, articulate and very personable.

In her present position she has been aggressive but with responsible actions. She's a self-starter.

As a Commissioner on CPSC, I'd see her always falling on the side to protect the consumer. She would be less inclined to side to the pressures of the corporations or the economics of an issue. On an environmental issue, I could see her falling heavily on the side of the protectionists -- always.

COMMENTS ON GLORIA SCHAFFER

Henry Chauncey, Secretary of Yale University

In Connecticut, her office has a good reputation for expediting its work. She's a good administrator. She runs a big office, overseeing 200-300 people. She is a leader -- no question.

She's a basically bright woman. She sees a problem, understands it, and comes up with a solution. She has an openness to listening and approaches a problem with no preconceived notions.

Charles DeCarlo, President, Sarah Lawrence College

She is definitely bright and experienced enough to understand the technical information she would receive as Commissioner.

I've observed her in many public speaking situations. She is excellent in that respect and very positively received. She is highly respected in the business community of Hartford, independent of her politics.

If you could get her, she'd be great. She is a bundle of energy. She's tough, but tactful.

GLORIA SCHAFFER

Secretary of the State

State Capitol, Hartford, Connecticut

(203) 566-4135

Personal Data:

- . Born, October 3, 1930, New London, Connecticut, daughter of Arthur Wilinski and Charlotte Reiner Wilinski
- . Attended New London public schools, then Sarah Lawrence College, Bronxville, New York, Political Science Major
- . Husband, Mr. Eugene Schaffer; children, Susan and Stephen
- . Home, Woodbridge, Connecticut

Professional Data:

- . Former Administrator, Clifford Beers Guidance Clinic, New Haven
- . Elected to Connecticut State Senate, 1958, age 27, first woman in history and first Democrat since 1939 to represent 14th Senatorial District
- . Served six terms in State Senate: Member of Committees on Appropriations, Corrections and Human Rights, Public Health and Safety; Chaired Committees on Public Welfare and Humane Institutions, and Penal Institutions Committee; chaired Education Committee for three terms
- . Elected Secretary of the State, 1970, re-elected, 1974
- . Highest vote getter in Democratic Party in 1970 when elected Secretary of the State first term. Re-elected in 1974 with the highest known percentage of the vote of any candidate for statewide office.
- . Appointed by Governor Ella Grasso to chair Connecticut Council on Human Services
- . Democratic Nominee for the U. S. Senate-defeated-1976. Only woman to be major party nominee.

Honors and Activities:

- . Member, Federal Elections Commission Advisory Panel
- . Member, Democratic National Committee's Committee on Fair Campaign Practices
- . Honorary Chairwoman, Connecticut Committee to Study the Laws of Corporations and Other Business Organizations
- . Former panelist on weekly television program, "What in the World"
- . Member of National Education Commission of the States
- . Delegate to Democratic National Conventions, 1960, 1964, 1968, 1972
- . Member, National Democratic Advisory Council of Elected Officials
- . Honorary member, Connecticut Association for Advancement of School Administrators
- . National Merit Award, Council on Crime and Delinquency
- . Connecticut Business Educators Assn. Award, 1975
- . Herman P. Kopplemann "Man of the Year" Award
- . National Human Relations Award of National Conference of Christians and Jews
- . Fellow of Branford College, Yale University
- . New London County Bar Assn. District Service Award, 1974

R E S U M E

SUSAN BENNETT KING

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Personal:

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Democratic Review (Contributing Editor, 1973 to 1975)
National Women's Political Caucus, ACLU, APSA (member)
Program Participant (Lecturer/Panelist)
American Bar Association Special Committee on Election Reform
National Municipal League
League of Women Voters
Public Affairs Council
Democratic Forum
New York Citizens' Committee/City University of New York Conference
Duke University Law School/Institute of Policy Sciences and Public Affairs
Oberlin College Political Skills Conference
National Commission on International Women's Year: Women in Power Committee
Robert A. Taft Institute of Government: Seminar in Practical Politics
United Methodist Church Washington Seminar Programs

THE WHITE HOUSE
WASHINGTON

August 31, 1977

Zbig Brzezinski

The attached was returned
in the President's outbox and
is forwarded to you for wiring
to Sen. Glenn in Japan.

Rick Hutcheson

RE: GREETING TO SHIMODA CONFERENCE
IN JAPAN

THE WHITE HOUSE
WASHINGTON

8/31/77

Mr. President:

NSC concurs.

Rick

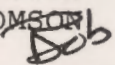
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 31, 1977

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE
BOB THOMSON 
RE: GREETING TO SHIMODA CONFERENCE IN JAPAN

Senator Glenn telephoned from Tokyo this morning where he is attending the Shimoda Conference as a U.S. delegate. He requests a message from you that he can read as part of his address opening the Conference.

The State Department (Dick Holbrooke's office) recommends you send a statement. They have drafted the statement attached for your approval. If you approve, the statement must be wired to Senator Glenn at the Embassy by 6:00 P.M. tonight (31 August), our time.

The Shimoda Conference is a meeting of government leaders and public figures from Japan and the United States convening annually in Shimoda, Japan. The conferees discuss various problems that affect relations between the two countries. To be chosen a conferee from Japan is a great and distinguished honor. The Japanese Prime Minister will deliver the closing address.

Ambassador Mansfield is the senior U.S. official present, but, as noted above, Senator Glenn will deliver the opening address to the Conference.

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I wish to express my good wishes to all the participants of the Shimoda Conference. Shimoda is a place filled with historical echoes of the first contacts between Japan and the United States. Following the Japan-United States Treaty of Friendship of 1894, Townsend Harris opened our first diplomatic mission in a Buddhist temple in Shimoda. The diplomatic and other exchanges we have are greatly expanded from that time when they could be carried out by one man alone. But~~x~~ they are no less dependent on our sensitivities to each other's ideals, culture and history.

In your discussions you will address issues that are complex and difficult. Resolving those issues is important not only for Japan and the United States, but also for all nations in the Pacific and elsewhere which look to the United States and Japan to provide leadership and stability. I am confident that your discussions will contribute to further strengthening the enormously important relationship between Japan and the United States.

APPROVE _____ ✓

DISAPPROVE _____

JC

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1145 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 31, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

You should be aware that Charlie Wilson considers himself the postal reform expert in the House. Although Jim Hanley is the Chairman of the Subcommittee on Postal Operations (you have already met with him on this subject), there is no doubt in Wilson's mind that he is the prime mover in the House on all matters relating to postal reform and is the man with whom you should consult.

You should also be aware that Charlie Wilson's wife is a South Korean and he is very sensitive to the current investigations.

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 30, 1977

9:30 AM
8/31/77

C

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BOB GINSBURG

SUBJECT: Tax Reform: Meeting with Chairman Ullman

This memorandum suggests some points you may want to make and questions you may want to raise in your meeting with Chairman Ullman. Attached as Annex A is a brief summary of the major tax reform proposals which are being prepared for your decision.

1. Your strong personal commitment to comprehensive tax reform.

-- Tax reform was one of the fundamental commitments of the campaign.

-- It is one of the few things that almost all Americans, without sharp divisions, want.

-- You and the Vice President intend to spend considerable personal time in educating the public and working together with Congress on this effort.

-- This is an historic opportunity -- with an Administration dedicated to tax reform, a Democratic Congress, and strong leadership in that Congress.

-- A successful Congressional - Executive partnership on tax reform will mean not just a better tax system but will also contribute to a restoration of the faith and trust of the American people in their Government -- both Congress and the Executive branch.

2. The tax reform program will benefit the great majority of low and middle income taxpayers.

-- Although we have made no final revenue estimates or decisions, the goal is to provide significant tax reductions for the great majority of families up to at least the \$30,000 income level.

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-- Basic objectives are fairness and simplicity.

-- Fairness means:

- (a) reducing the tax burden on the low and middle income taxpayers;
- (b) trying to make sure that taxpayers (even those in the top brackets) with the same income pay roughly the same tax; and
- (c) cutting back on the "expense account" deductions and tax shelters which make the average taxpayer believe that the system is unfair.

-- Achieving greater simplicity will depend on the elimination of a number of the special preferences and on making it advantageous for taxpayers to move from itemizing to taking the standard deduction. (Presently 75% of the taxpayers take the standard deduction. Current Treasury proposals will increase that number to about 83%. A lower rate schedule for those who take the standard deduction would move the figure over 90%.)

3. We will explicitly link tax reductions and tax reform.

-- We are for comprehensive tax reform and not just tax reductions. We will make it clear that to the extent that we are not able to eliminate preferences, we will have to cut back on the reductions proposed.

-- Only by linking reform with reductions can we:

- (a) avoid unacceptable revenue loss; and
- (b) achieve the simplicity that depends on curtailing preferences.

4. The reform proposals will be comprehensive.

-- The public is looking for, and you are committed to, thoroughgoing reform.

-- We want significant tax reductions for the average taxpayers -- as a matter of equity, to keep the ratio of taxes to personal income from continuing to rise, and for the good of the economy. Only comprehensive reform can raise the revenue needed to provide for these reductions.

-- You recognize a large tax package is difficult for Congress but intend to work together with them to deflect special interest pressure and are confident in the ability of the leadership to secure passage. The total package will be good enough (and you will work hard) to gain broad public support.

5. Questions you might raise with the Chairman.

-- Itemized personal deductions. Would a lower rate schedule for those who take the standard deduction be a good way of moving taxpayers away from itemization?

-- Business tax reductions. What are the Chairman's views on corporate rate cuts, integration, investment tax credits, accelerated depreciation?

-- Timing. How should we proceed in order to get the tax package passed as early in 1978 as possible? (Larry Woodworth hopes to complete Ways and Means hearings by adjournment so that (i) markup can begin promptly in January, (ii) we will be less subject to Congressional stalling in 1978, (iii) we can get the parade of adverse witnesses out of the way, and (iv) the Administration can take the program to the people during the recess and build public support which will impact on the House when it returns and goes into markup and debate.)

-- Areas of concern. Are there any elements of the tax reform program which the Chairman has heard about which give him particular concern?

MAJOR TAX REFORM PROPOSALS

Overview

1. Revenue effect. At 1976 income levels, the program consists of \$18 billion in net tax reductions, \$14 billion for individuals and \$4 billion for corporations. The individual side consists of \$27 billion in tax reductions (reduction in tax rates, increase in the personal credit to \$250, and extra deduction to reduce the marriage penalty) less \$13 billion in revenue raised through reforms. The corporate side consists of approximately \$8 billion in tax reductions less \$4 billion in revenue raised through reforms. Because of the projected growth in the economy, inflation, and the progressive nature of the federal income tax, the \$18 billion in revenue loss at 1976 income levels will rise to \$37 billion in 1981 (this is before taking account of the approximately \$12 billion induced revenue gain projected from the economic activity generated by the program).
2. Effective tax rates. The reform program will reduce the effective tax rates (taxes as a percentage of economic income) of individuals in the \$10,000-\$30,000 income classes on the average of about 15%. Percentage reductions will be greater at lower levels of income and smaller at higher levels of income (with taxpayers in the \$100,000 and higher classes paying, on the average, larger taxes).
3. Distributional burden. Under the reform program, all income classes below \$30,000 will bear a smaller share of the total tax burden and income classes above \$30,000 will bear a larger share.
4. Effect on the average family. The average family of four in the \$10,000-\$30,000 income classes will get a tax cut ranging from about \$360 to about \$425.

Specific Items

A. Primarily individual changes

1. Tax capital gains as ordinary income.
2. Tax capital gains on gift and at death.
3. Repeal deductions for gasoline, sales, and miscellaneous taxes.
4. Combine deductions for medical and casualty expenses and allow only to the extent they exceed 10% of adjusted gross income.
5. Place a ceiling on deductions for mortgage loans and consumer interest (the ceiling would leave these preferences virtually untouched and affect only the deductions for mortgages on very large homes, vacation homes, etc.).
6. Sharply curtail remaining individual tax shelters.
7. Tax unemployment benefits.
8. Limit the exclusion for group term life insurance premiums.
9. Tax the interest element of life insurance and annuity contracts.
10. Withhold on dividend and interest payments.
11. Tax scholarship and fellowship benefits which go for living expenses and not tuition.
12. Provide tax reductions through cutting the tax rates to 50 at the top and 12 at the bottom, a \$250 personal credit, and a deduction of part of the income of two-earner couples (to reduce the marriage penalty).

B. Primarily corporate changes

1. Repeal DISC.
2. Repeal deferral of tax on foreign profits.

3. Tax 50% of shipping income.
4. Reduce bad debt reserves of banks.
5. Tax credit unions.
6. Repeal depletion allowance for hard minerals.
7. Reduce tax preferences for oil and gas industry.
8. Reduce deductions for "expense account" living.
9. Provide tax reductions through one or more of the following: reduction in corporate tax rates, integration, investment tax credits, and/or accelerated depreciation.

THE WHITE HOUSE
WASHINGTON
August 31, 1977

Hamilton Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: LANE KIRKLAND

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

gh
J

August 30, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*

SUBJECT: LANE KIRKLAND

I have submitted Lane Kirkland's name for only one Presidential Advisory body, the General Advisory Committee of the U. S. Arms Control and Disarmament Agency. Kirkland, who has served on the GAC since 1974, is one of two we asked to remain on the committee.

Attorney General Bell at the same time - and coincidentally - recommended that Kirkland be appointed to the Commission on the Selection of Judicial Officers. I concurred with Judge Bell's recommendation.

It can be expected that when labor representation is needed on commissions we will use AFL-CIO and the UAW leadership. Mr. Meaney always suggests Lane as his representative. Because of his interest in defense matters, it is important that he be on ACDA. Even though he is a hardliner, the Committee will have no credibility unless it has some hardliners on it.

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THE WHITE HOUSE
WASHINGTON

Mr. President:

Jordan, Lipshutz and the Department of Justice have agreed on the attached list as members of the panel to recommend judicial appointments for the specialty courts (i.e., Customs, Claims, etc.).

With your approval, we will use the signature pen to sign letters appointing these persons to the panel (text has been previously approved by you).

_____ approve

_____ disapprove

---Rick

THE PRESIDENT HAS SEEN.

Ham - You're putting Lane Kirkland on everything - why?

COMMITTEE ON SELECTION OF FEDERAL JUDICIAL OFFICERS

David W. Dyer, Senior Judge, Chairman
U.S. Court of Appeals for the Fifth
Circuit (Retired)
Post Office Box 012319.
Miami, Florida 33101
(305) 350-5297

J

Amalya L. Kearse, Esq.
Hughes, Hubbard & Reed
One Wall Street
New York, New York 10005
(212) 943-6500

Joseph Lane Kirkland
Secretary-Treasurer
AFL-CIO
815 16th Street, N.W.
Washington, D.C. 20006
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Fellers, Snider, Blankenship
& Bailey
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Oklahoma City, Oklahoma 73102
(405) 232-0621

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Piedmont, California 94611
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(O) (415) 622-6011

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Widett, Widett, Slater
& Goldman
100 Federal Street
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H. Stewart Dunn, Jr., Esq.
Ivins, Philips & Barker
1700 Pennsylvania Ave., N.W.
Washington, D.C. 20006
(202) 393-7600

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THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
X	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

August 31, 1977

Stu Eizenstat
Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

EIZENSTAT MEMO TO YOU REGARDING
REP. VANIK'S PROPOSED INITIATIVE

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

August 29, 1977

*ok -
Leave us
out of it - but
don't let's collapse
Vanik -
J*

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Stu Eizenstat's Memo to You Regarding
Rep. Vanik's Proposed Initiative

You wrote on Stu's memo of August 25 "Zbig & Stu OK - proceed."

My feeling is that for Vanik to proceed at this moment would be quite provocative to Jackson. Vanik doubtless would indicate that he was either supported or encouraged by us, and Jackson would take this out either on Panama or SALT.

My recommendation would be not to encourage Vanik to do anything at this time. *or, at least w/ SALT's approval.*

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 29, 1977

Stu Eizenstat
Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: TELEPHONE CALL FROM CONG.
VANIK

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

3619 & Stu
sk - proceed
J

August 25, 1977

MEMORANDUM FOR:

THE PRESIDENT
ZBIGNIEW BRZEZINSKI

FROM:

STU EIZENSTAT *Stu*

SUBJECT: Telephone Call from Congressman Vanik

Congressman Vanik called to register his concern about any change in specialty steel quotas. I assured him that although we did have a committee looking into the matter, that there had been no decision to lift those quotas and that we were examining the impact the quotas were having.

During the course of the conversation he discussed his continued willingness to try to break some new ground on lifting the Jackson-Vanik amendment. He expressed his concern that something had to be done to break the logjam with the Soviet Union and that perhaps some mechanism by which the President could extend credits and most favored nation treatment to the Soviet Union, subject to Congressional veto, might be feasible.

He stated that despite the recent repressive actions by the Soviet Union, particularly against Jewish dissidents, that he felt the time for movement would be opportune if the Soviet Union would let up on some high visibility cases.

He indicated his willingness to talk to Ambassador Dobrynin regarding some such demonstration of good faith by the Soviet Union in return for which, if the Administration desired, he would attempt to pursue some action in Congress.

He stated that his conversations with Jewish organizations led him to believe that they recognized the current stalemate has not been beneficial to their interests.

I pass this along for whatever action you may wish to take.

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for Preservation Purposes**

11:45 AM

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for Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 30, 1977

MEETING WITH REP. CHARLES WILSON

Wednesday, August 31, 1977

11:45 a.m. (15 minutes)

The Oval Office

From: STU EIZENSTAT
BOB MALSON

Stu

I. PURPOSE

Rep. Wilson is the Chairman of one of the two key Postal Subcommittees in the House and the co-sponsor of H.R. 7700, the Postal Reform bill that the Administration is scheduled to testify on next Thursday, September 8, 1977. The hearings on his bill have been postponed until we had sufficient time to develop an Administration position on the Postal Service.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Chairman Wilson's bill is an omnibus piece of legislation designed to (1) return control of the independent Postal Service to the Administration; (2) continue the public service subsidies scheduled to be phased out in 1979; and (3) allow Congressional veto over rates with shortages to be covered by appropriations. Mr. Wilson will also like to discuss continuing six day delivery, a service the Postmaster General has evaluated for possible elimination, and the closing of small inefficient post offices.

B. Participants: Stu Eizenstat, Valerie Pinson, and Bob Malson.

C. Press Plan: White House photographer only.

III. TALKING POINTS

A. 10% of the USPS budget (\$1.7 billion out of \$17 billion) is appropriated -- the remainder is paid by the mail user and not the taxpayer. It is the Federal service that will be your greatest asset in balancing the budget by 1981.

B. The elimination of Saturday delivery would save about \$400 million, about half of one year's increase in expenses for the USPS. Congressional opposition to the elimination is strong.

C. You will make your final decision later this week.

THE WHITE HOUSE

WASHINGTON

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11:00 a.m.

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or Preservation Purposes

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEETING WITH REPRESENTATIVE PARREN MITCHELL
Wednesday, August 31, 1977
11:00 a.m. (30 minutes)
The Oval Office

FROM: Frank Moore and *FM,*
Bunny Mitchell *B*

I. PURPOSE

This is a follow-up meeting which you requested to solicit the Congressman's ideas on Administration/black American relations.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN:

- A. Background: Representative Mitchell is Chairman of the Congressional Black Caucus. Attached at TAB A is some recent correspondence from Representative Mitchell.
- B. Participants: The President
Representative Parren Mitchell
Frank Moore
Valerie Pinson
- C. Press Plan: No coverage - White House Photographer only.

III. TALKING POINTS:

Representative Mitchell would like to discuss the following:

- 1. The possibility of the President's scheduling meetings (over the course of the next year) in the black community to maximize the President's achievement and receive input, on a regular basis, from persons attuned to the minority community who are not obligated to the President for any reason.

Although some of his criticism is valid, Mitchell should know of Administration actions underway:

- 1. Stu Eizenstat and Bunny Mitchell met with Black leaders recently (August 24) and have set up a regular series of meetings to discuss specific policy areas (next meeting is scheduled for September 14 and will discuss tax reform). The Congressional Black Caucus is represented in these meetings.

2. White House meeting was held to promote the local Public Works Act minority business set-aside. Banks, surety companies, minority and majority business associations attended two hour meeting with Stu, Jack, Bunny and Secretary Kreps.
3. Domestic Policy Staff review of federal minority business programs in consultation with Congressional staffs (including Mitchell's) has led to significant proposals for Administration initiatives.
4. President approved White House meeting of Inter-agency Council for Minority Business Enterprise at which time initiatives will be announced.

Cabinet Secretaries and Assistant Secretaries are open for policy input from the Black Caucus.

The President and Vice President will meet with the Congressional Black Caucus on September 7 - 9:15 a.m.

COMMITTEES:
BUDGET COMMITTEE

TASK FORCES:
CHAIRMAN, TASK FORCE ON HUMAN
RESOURCES

TASK FORCE ON COMMUNITY
RESOURCES

TASK FORCE ON DISTRIBUTIVE IMPACTS
OF BUDGET AND ECONOMIC POLICIES

BANKING, FINANCE AND URBAN
AFFAIRS COMMITTEE

SUBCOMMITTEES:
CHAIRMAN OF THE SUBCOMMITTEE ON
DOMESTIC MONETARY POLICY

HOUSING AND COMMUNITY
DEVELOPMENT

GENERAL OVERSIGHT AND
RENEGOTIATIONS

Congress of the United States

House of Representatives

Washington, D.C. 20515

August 1, 1977

VICE CHAIRMAN

SUBCOMMITTEE
INVESTIGATIONS

CHAIRMAN OF THE
CONGRESSIONAL BLACK CA

CHAIRMAN OF THE SUBCOMMITTEE
HOUSING, MINORITY ENTERPRISE
AND ECONOMIC DEVELOPMENT

OFFICE TELEPHONE NUMBER

DISTRICT OF COLUMBIA OFFICE:

202-225-4741

DISTRICT OFFICES:

FEDERAL OFFICE BUILDING

301-952-3223

BLOOMINGDALE ROAD OFFICE

301-952-4531

The Honorable Jimmy Carter
President
THE UNITED STATES OF AMERICA
The White House Office
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. President:

In consideration of the fact that so many statements are being taken out of context in the press, I ask that this correspondence be considered as personal between us.

I thought our last meeting was productive, and I eagerly await your meeting with the Congressional Black Caucus.

I am appreciative of some of your actions taken after we met.. I was encouraged by your statements on successful school desegregation made in Yazoo City, Mississippi. I was encouraged by your statements made at the Urban League Convention. (Of course I am certain that both of us view differently Vernon Jordan's legitimate concerns and criticisms) When I read your memorandum, "For the Heads of All Executive Departments and Agencies" in which you set forth your Administration's position on Title VI of the Civil Rights Act of 1964, I had additional reason for hope.

Mr. President, I remain convinced that there is a climate in America that is either hostile or indifferent to the needs and aspirations of Black citizens and poor citizens. I am further convinced that this climate will not be dissipated over night. I am, therefore, suggesting to you that a well developed, sustained attack

The Honorable Jimmy Carter
Page Two
August 1, 1977

against the climate be developed and implemented. More specifically, I recommend that just as you'd plan a year long program to educate and lead the American people on foreign policy issues, a similar type planning should be done for civil rights and civil liberties issues - selecting dates, places and audiences which will yield greatest impact.

Finally, Mr. President, let me express my concern over the fact that apparently you are not receiving on a regular basis the feeling tone, the pulse beat of the Black community. As a Representative of the Seventh Congressional District of Maryland, if I received an assessment of how I stood in the community from my closest political supporters, or those I have assisted in getting jobs or contracts, I am certain I would be lulled into a sense of complacency that could probably cost me the next election. I don't operate like that. I have one or two key people who share with me on an ongoing basis, the assessment they get from the poor and the wealthy, the politicians and the clergy, my strong supporters and political enemies.

I guess the best way to sum this up Mr. President is to raise the question: Are you really convinced that you are getting accurate readings on Black America?

Thank you for taking the time to read this. I am available to you, of course, if there are questions and or comments.

Sincerely,



Parren J. Mitchell,
Member of Congress

PJM:h

THE WHITE HOUSE

WASHINGTON

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Page Two
August 1, 1977

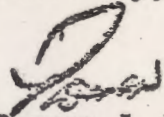
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Sincerely,



Parren J. Mitchell,
Member of Congress

PJM:h

THE WHITE HOUSE
WASHINGTON
August 31, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jody Powell

RE: 55 MPH SPEED LIMIT

X

9:15 AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 30, 1977

cc: Jack Watson -
Prepare night letter
from me to 50
governors urging
enforcement of speed
limit. Brock will
help draft.
mention monitoring
of speed in
indiv.
states
J

MEMORANDUM

To: The President
From: Jody Powell *JP*
Re: Photo Session on 55 M.P.H. Speed Limit
Wednesday, August 31, 1977 - 9:15 a.m.

Secretary Brock Adams requested five minutes with you in advance of the Labor Day weekend to help kick off an effort to improve observance of the national 55 m.p.h. speed limit.

Increasingly, drivers are ignoring the limit, with a resulting increase in traffic deaths and a decrease in fuel economy. Traffic deaths for all of 1977 are expected to exceed deaths for 1976.

With Adams will be two persons: Joan Claybrook, Director of the National Highway and Transportation Administration; and Lt. Gen. (ret.) Benjamin O. Davis, who is the DOT national spokesman for the speed limit. (Gen. Davis was the first Black general in the U.S. Air Force; his father was the first Black general in the U. S. Army.)

Adams will show you a copy of the new poster DOT is using in its publicity drive. DOT will obtain still photos of this event and a DOT film crew will take sound movies to use in film clips. Therefore, a very brief comment by you on the importance of the speed limit to saving lives and energy will be useful.

After the photo session, the Press Office will release the attached statement drafted in DOT and approved by Jim Schlesinger's and Stu Eizenstat's offices.

The statement contains the major talking points.

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STATEMENT BY THE PRESIDENT URGING
COMPLIANCE WITH THE 55-MILE SPEED LIMIT

When I delivered my energy message last April, I hoped that the national 55 mile per hour speed limit -- already in force -- would help reduce gasoline consumption, which is essential if we are to extend the world's finite supply of oil. If we all drove within the speed limit we could save more than eight million gallons of gasoline a day. That's nearly a third of the reduction in total gasoline consumption I asked for in my energy program.

We have saved gasoline by driving slower. Tests by the Federal Highway Administration indicate that, depending on the type of car, drivers can get from 17 to nearly 40 per cent better gas mileage at 55 mph than at 70. And we have saved lives. Since the lower speed limit was adopted nationally three years ago, there have been approximately 9,000 fewer highway deaths each year than in 1973. The reduced speed limit has been the biggest single factor in this 17 per cent drop in highway fatalities.

Unfortunately, highway speeds are again creeping up. Highway safety officials tell us that enforcement is difficult as average interstate speeds again approach 65. Worst of all, the numbers of people being killed or seriously injured in highway accidents are rising again with the increase in vehicle speeds. In July, 169 more Americans died on our

highways than in July of last year; for June, the increase was 175.

This is a matter that deserves, and must have, greater Federal attention. Gen. Davis, as special representative to Secretary Adams on 55 mile per hour speed limit education and enforcement, I hope you will redouble your efforts in communicating the importance of the 55 mph speed limit to the safety leaders of our states and the people of America. Let it be clearly understood that by exceeding the speed limit we are wasting fuel and, in too many instances, lives as well.

In your meetings with state law enforcement and safety officials, please convey my concern and assure those responsible for the safety of our highways that Federal support will be supplied, and appropriate Federal actions taken, to assist them in their programs. I will expect a report in 30 days on the status of speed limit compliance throughout the country along with recommendations from the Secretary of Transportation on any additional measures considered advisable to save fuel and stem the tide of fatalities on the nation's roads.

#

THE WHITE HOUSE
WASHINGTON

August 31, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

YOUR REQUEST FOR COMMENTS FROM
LANCE AND POWELL ON STU'S
SUGGESTION THAT GOODWIN CHASE
HOLD A PRESS CONFERENCE

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

30 August 1977

*Hold off
on press
conference
J*

TO: THE PRESIDENT
FROM: RICK HUTCHESON *R.H.*
SUBJECT: Your Request for Comments from
Lance and Powell on Eizenstat's
Suggestion that Goodwin Chase
Hold a Press Conference

Powell: no comment.

OMB: it would be premature and unwise to hold a press
conference without all the facts -- which are not,
at present, available:

"The Board based its original and revised costing estimates relating to the alleged unaccounted-for steel on Navy billing records available for the period 1969-71. (Lockheed's books for this period are closed.) These billing records reflect the claims by Lockheed for work performed by its shipbuilding subsidiary during that period. At best, the figures derived from such records were not complete with regard to costing... The Board, however, utilized this sample to extrapolate its dollar amounts for the initial example and later revision and is now charged by Lockheed with miscalculation... To go forward with additional comment in this area without a complete grasp of the relevant facts might simply exacerbate an already tenuous situation... Since the Board has already admitted that its estimates, based on its manipulation of the Lockheed figures, may be inaccurate, it would be unwise to pin Lockheed with responsibility for possible Board misapplications of these figures."

OMB recommends, instead, that a request be made to the Renegotiation Board, in cooperation with the Defense Contract Audit Agency, to accelerate extensive re-review of the available Lockheed financial documents and pursue vigorously with Lockheed negotiations to resolve the differences with regard to the financial data.

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ADMINISTRATIVELY

THE WHITE HOUSE CONFIDENTIAL
WASHINGTON

August 27, 1977

Bert Lance
Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore

RE: GOODWIN CHASE -- THE
RENEGOTIATION BOARD

~~THE PRESIDENT~~ ~~CONFIDENTIAL~~ -- Not For Circulation

THE WHITE HOUSE
WASHINGTON

August 26, 1977

*Stu - I agree, but
* first: Lance } comment
Powell }
J.C.*

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Goodwin Chase -- The Renegotiation Board (At Your Request)

After your telephone call regarding the Lockheed matter, I called Goodwin Chase, Chairman of The Renegotiation Board, and met with him today.

Should have been expected

He stated that the current controversy originated from a request by Senator Proxmire of an example of The Renegotiation Board's inactivity in recent years. Although Mr. Chase thought he was supplying the example in confidence, Senator Proxmire distributed it to some fifty Senators.

The example chosen by Mr. Chase concerned excess profits allegedly owed by Lockheed's shipbuilding subsidiary as a result of contracts performed between 1969 and 1971. He stated that this period of time was used because no current investigation of these years is underway by the Board, and the information is within the public domain and subject to the Freedom of Information Act.

Mr. Chase very much stands by the allegations made against Lockheed, feeling that the amount of the "error", if any, is quite small. He also noted that the "error" reported by the Board assumes the accuracy of the figures supplied by Lockheed; the Board has had to use the figures because it has no audit powers.

According to Mr. Chase, his propensity to admit a mistake if one has clearly been made led to his letter (attached) to Lockheed of August 17. In that letter, he stated that if the figures supplied by Lockheed were accurate, the Board's staff had "erred in the translation of dollar amounts in question to pounds of steel". While this would reduce the magnitude of the problem it would by no means eliminate it.

From newspaper accounts it appears that the Board used an inappropriate figure (10¢ per pound, rather than 8.3¢ per pound) to calculate the dollar value of the unaccounted-for steel. As a result, the amount allegedly owed by Lockheed would be 1.7¢ less for each of the 117 million pounds of steel alleged to be involved. Thus, some \$9.7 million would be involved rather than \$11.7 million, using these figures.

But as Mr. Chase said in his letter, these amounts cannot be verified because of Lockheed's refusal to open its books to the Board.

He strongly believes that Lockheed is using this minor error to divert public attention away from their abusive practices.

Mr. Chase also made the following points:

- o For some 2½ years, the FBI and the Criminal Division of the Justice Department have been investigating the Lockheed Shipbuilding Division, and a grand jury will shortly be convened to hear the evidence acquired by this study. The investigation is apparently focused on practices such as those the Board believes it has uncovered.
- o Before he sent his statement to Senator Proxmire, Mr. Chase had it cleared by the Board's accountants, by its general counsel, and by OMB.
- o Mr. Haack's statement to the effect that the Board made allegations without even seeing Lockheed's records is preposterous, for (i) the allegations were based on figures supplied by the Navy (ii) Lockheed will not permit the Board to see its records. (The Board does not have subpoena powers).

I believe that the Board's "error", and Lockheed's skillful use of it, have very seriously damaged the Administration's efforts to extend and strengthen the Board. The defense industry lobbyists are using this incident as an illustration of the Board's irresponsibility.

I suggest that Frank talk with some of the Congressmen and Senators who have been backing our position to determine

~~CONFIDENTIAL~~ -- Not For Circulation

-3-

the best way to counter the bad publicity this recent incident has given the Board. One way might be for Mr. Chase to hold a news conference, at which he would note the insignificance of the "error", indicate the Board's findings are based on figures Lockheed itself supplied (and they probably need closer scrutiny), and state the need for the Board's continuation to check practices such as Lockheed's. ✕



WASHINGTON, D.C. 20446

August 17, 1977

Mr. Robert W. Haack
Chairman and Chief Executive
Officer
Lockheed Aircraft Corporation
Burbank, California 91520

Dear Mr. Haack:

During our meeting here in Washington on August 5th, you stated that the amount of steel Lockheed Shipbuilding Construction Company actually purchased for the construction of seven amphibious transport dock (LPD) ships for the Navy was far less than the amount I reported publicly.

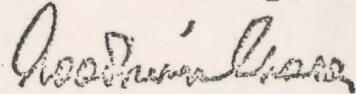
Following our meeting the Board's analysis was again reviewed, taking into account data assembled by Lockheed. Based upon that review, I erred in the translation of dollar amounts in question to pounds of steel. If the figures calculated by your internal auditors are correct, my figures for the amount of unaccounted for steel are overstated. Nevertheless, questions remain regarding the "cost growth" figures submitted by Lockheed to the Navy in support of its contract claims; the apparent excessive progress payment billings to the Navy; the large difference between steel purchased and that actually used in ships, even using Lockheed's figures; and the relationship between these items and those currently being investigated by the Department of Justice on the destroyer escort (DE) 1052 contract performed by Lockheed during the same timeframe.

I have requested the Defense Contract Audit Agency (DCAA) to assist the Board in its further review of these areas. The results will be factored into the Renegotiation Board's

determination. I would appreciate your complete cooperation in providing DCAA full access to all relevant books and records.

To set the record straight, I am sending copies of this letter to Senator William Proxmire and to Congressman Joseph G. Minish. Meanwhile, I have no objection to your releasing this letter publicly.

Sincerely,

A handwritten signature in cursive script, appearing to read "Goodwin Chase".

Goodwin Chase
Chairman

Agency Chief Retreats From Lockheed Charges

By Harold J. Logan
Washington Post Staff Writer

The government agency head who last month accused Lockheed Aircraft Corp. of overcharging the government by more than \$10 million on Navy shipbuilding contracts has retreated from his charges—but not abandoned them—in a carefully worded letter to Lockheed.

Goodwin Chase, chairman of the Renegotiation Board, conceded in his letter to Lockheed that he had made a mistake in part of the computations that led to his charges, and added, "If the figures calculated by your internal auditors are correct, my figures ... are overstated."

Sources said Chase had erred in using an average steel price of 10 cents per pound to calculate the amount of unaccounted-for steel. The proper figure, other sources said, is about 23 cents per pound.

But nowhere in his Aug. 17 letter to Lockheed Chairman Robert W. Haack did Chase back down from his charge that Lockheed billed the government for steel it did not use in building seven vessels for the Navy.

In June, Chase told the Senate Banking Committee that Lockheed couldn't account for 73 millions pounds of steel for which it had billed the Navy as part of the cost of the docks, which are called LPDs. Later, Chase upped the estimate to 117 million pounds, worth \$10.2 million.

Lockheed replied that there was no unaccounted-for steel, and audited, in-house, 23,000 purchase orders to prove its point. Lockheed's regular auditor, Arthur Young & Co., reviewed the internal audit, but never audited the purchase orders, Lockheed officials said.

After weeks of coast-to-coast verbal sparring, Lockheed officials and Renegotiation Board staffers met here Aug. 5. It was at that meeting that Lockheed gave Chase the information that resulted in his letter to Haack.

All of this happens at a time when the statutory life of the Renegotiation Board, which is responsible for recovering excessive profits from government contractors, is about to come to an end.

Pending in both houses of Congress is legislation to extend the board's life

through 1982, and to extend its power to recover money from companies which, like Lockheed, produce several different kinds of products for the government.

What is most puzzling about the current dispute between Lockheed and the board is that two simple sets of figures could seemingly resolve it. The questions are how much steel Lockheed billed the Navy for, and how much steel went into the ships.

Chase said the board does not have the figures, because they are Lockheed's. Lockheed says it has the figures, but refuses to release them to the press, and apparently has not gotten them to Chase.

Meanwhile, Chase, in his letter to Haack, raised the possibility of a "relationship" between the LPD contracts and some 1972 contracts for Navy destroyer escorts that the Justice Department is now investigating.

Chase refused to elaborate on his letter's statement that "questions remain" about the two contracts. A Lockheed spokesman said the two matters are entirely separate.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 30 1977

MEMORANDUM FOR: RICK HUTCHESON
THRU: BO CUTTER
FROM: DENNIS O. GREEN *dg*
SUBJECT: OMB Comments on the Renegotiation
Board's Involvement in the Lockheed
Matter

The following comments are in response to the President's request for OMB input on the Renegotiation Board-Lockheed matter.

As indicated in the Eizenstat memorandum, the current controversy has arisen out of the Lockheed example provided to Senator Proxmire's Banking Committee. OMB reviewed the Board's testimony for consistency with Administration policy and cleared the text with non-substantive revisions (including the Lockheed example of alleged abuses. We did not pass judgement on the figures presented in the example, leaving the responsibility for technical accuracy of the material to the Board). In addition, OMB did not clear Mr. Chase's statement to Senator Proxmire which revised the cost estimate upward.

The Board maintains that Lockheed has refused to open its books for the years 1969-71, indicating that since these are "closed" years, (years in which Lockheed shipbuilding has been cleared by the Board), it is not required to disclose any information to the Board relevant to Board investigation. The Board agrees that Lockheed can maintain this posture.

Thus, the Board has based its original and revised costing estimates relating to the alleged unaccounted-for steel on Navy billing records available for the period 1969-71. These billing records reflect the claims by Lockheed for work performed by its shipbuilding subsidiary during that period.

At best, the figures derived from such records were not complete with regard to specific costing, i.e. the Board performed a sample analysis of per pound costs for the unaccounted-for steel. The Board, however, utilized this sample to extrapolate its dollar amounts for the initial example and later revision and is now charged by Lockheed with miscalculation.

While we agree that the Board has lost some of its credibility in this incident, we do not agree with the suggestion that Mr. Chase hold a press conference in which he would note the insignificance of the "error", indicate the Board's findings are based on figures Lockheed itself supplied, and state the need for the Board's continuation to check practices such as Lockheed's. We believe such a move inappropriate because:

- (1) The Board still does not know how "insignificant" the costing differences are. To go forward with additional comment in this area without a complete grasp of the relevant facts might simply exacerbate an already tenuous situation. We would recommend that the Board assist in the completion of the Defense Contract Audit Agency (DCAA) investigation and cooperate with Lockheed in an effort to obtain the necessary data. Lockheed has now publicly stated that it has tried to give the Board this material (see attached Wall Street Journal article dated August 22) but has been unable to communicate with the Board.
- (2) The statement that the Board's figures are based on Lockheed's own data, while technically accurate, in that they are based on Lockheed's billings to Navy, may lead to further questioning of the Board's methodology in using those figures. Since the Board has already admitted that its estimates, based on its manipulation of the Lockheed figures, may be inaccurate, it would be unwise to pin Lockheed with responsibility for possible Board misapplications of these figures.

In our view, it may be premature and unwise to schedule a press conference without all the facts. An alternative, safer, approach might be to request the Renegotiation Board, in cooperation with DCAA, to accelerate extensive re-review of the available Lockheed financial documents and pursue vigorously negotiations with Lockheed to quickly resolve the apparent differences with regard to the financial data. In the interim, we could elicit suggestions from congressional supporters on ways to reverse the current trend.

Attachment

Renegotiation Board Head Admits Error In Allegations of Lockheed Overcharges

By JERRY LANDAUER

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — After twice flogging Lockheed Aircraft Corp. for allegedly overcharging the government on Navy shipbuilding contracts, the chairman of the Renegotiation Board is grudgingly admitting that he made a mistake.

The board chairman, Goodwin Chase, acknowledged his error, along with probable "overstatements," in copies of a letter to Lockheed that were sent to key lawmakers on Capitol Hill to "set the record straight." His admissions, embarrassing to certain legislators who had accepted the overcharge allegations as facts, could neutralize President Carter's pleas to extend the Renegotiation Board's life.

Government officials involved in the controversy between the board and Lockheed say it appears obvious in retrospect that Mr. Chase was using the company to whip up congressional support for legislation to extend the Renegotiation Board through 1982, and to enhance its authority to recapture excessive profits from defense contractors.

Inviting Target

"This is a grubby example of self-serving bureaucracy," said one Treasury official who asked not to be identified. Lockheed's scandal-tarred reputation, resulting from admissions of big payoffs abroad to win foreign business, makes the company an inviting target for ambitious bureaucrats, the official said.

Mr. Chase began his campaign against Lockheed in testimony to the Senate Banking Committee in June. Citing contracts that had been completed as long ago as July 1971, he contended that Lockheed's shipbuilding subsidiary couldn't account for 73 million pounds of steel for which it had billed the Navy as part of the cost for seven amphibious transport docks, known as LDPs. Lockheed's billing practices, Mr. Chase asserted, "proves that the Defense Department cannot, on its own, protect the taxpayers against overcharging by contractors."

Early in July, Mr. Chase sent three aides to the Seattle headquarters of Lockheed Shipbuilding & Construction Co. They concluded—and Mr. Chase immediately notified Banking Committee Chairman William Proxmire (D., Wis.) in a hand-delivered letter—that the missing steel amounted not to

73 million pounds but to 117 million pounds valued at \$10.2 million.

And to make sure that Congress wouldn't ignore the Renegotiation Board's alertness in protecting taxpayers, somebody promptly leaked the fresh findings. "Lockheed Overcharge Estimate Raised," a four-column front-page headline in The Washington Post reported, and Mr. Chase confidently asserted, "I stand foursquare on my statement and would be pleased to have it subjected to investigative scrutiny."

But according to Robert W. Haack, Lockheed's chairman, Mr. Chase kept avoiding company officials who hoped to resolve the controversy peaceably. "I felt as though I had the plague," Mr. Haack said. It's also known that Brian Freeman, secretary of the Emergency Loan Guarantee Board, which administers Lockheed's government-backed loans, sought to act as mediator, apparently because Lockheed's bankers were getting edgy about the harmful publicity.

Finally, the contending sides met Aug. 5, and last week Mr. Chase sent Lockheed what appears to be a partial retraction.

"Following our meeting the board's analysis was again revised, taking into account data assembled by Lockheed," Mr. Chase wrote. "Based on that review, I erred in the translation of the dollar amounts in question to pounds of steel. If the figures calculated by your internal auditors are correct, my figures for the amount of unaccounted steel are overstated."

"Large Differences"

Mr. Chase contended, however, that "large differences" remain between the amount of steel Lockheed purchased and the amount it used to build the seven ships, but he offered no figures. Mr. Haack said that "if you put all the unaccounted for steel in your eye, it wouldn't hurt."

Repeated efforts to reach Mr. Chase weren't successful; his special assistant, John Davison, said the chairman isn't recanting or withdrawing "the initial position he took relative to the Lockheed matter. . . . I won't take the liberty of speaking for him beyond that point."

In any case, Mr. Chase's acknowledgment of error in calculating the dollars that may be involved won't help win votes in Congress to expand the Renegotiation Board's authority. Before the congressional recess, House Speaker Thomas P. O'Neill (D., Mass.) hesitated to bring the legislation to a vote, despite a round of letters from the President urging passage of the bill. In the Senate, Mr. Proxmire's Banking Committee is scheduled to consider the legislation in mid-September.

One particularly controversial feature of the measure is a provision authorizing Mr. Chase's board to scrutinize defense contractors product-by-product rather than on a company-wide basis.

Jody - Comment for
President needed
today (Monday),
8/29

W.

ADMINISTRATIVELY
THE WHITE HOUSE CONFIDENTIAL
WASHINGTON

August 27, 1977

Bert Lance
Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore

RE: GOODWIN CHASE -- THE
RENEGOTIATION BOARD

Rick - Jody has no comment, I
guess - Carolyn